

September 4, 2020

Independent Insurance Agents of Texas - House Insurance Committee Request for Information

Chairman Lucio III and members of the House Insurance Committee, thank you for the opportunity to comment on the RFI on the Interim charges before the committee. The Independent Insurance Agents of Texas has always appreciated the opportunity to work with the Texas Legislature to help bring meaningful insurance reforms to benefit the consumers of Texas. The 86th session was no exception and we are happy to comment on the implementation of insurance legislation that passed and was signed into law.

Interim Charge 1:

HB 259, which prohibits the issuance or renewal of named driver policies has not, in our opinion, caused any market disruption. The reports of incidences of uncovered drivers being reported to IIAT by our members has gone down dramatically. IIAT's concern has always been that eliminating named driver policies would move "marginally insured" drivers under a named driver policy, to "uninsured" if this option was taken away. While IIAT does not keep statistics on UM/UIM drivers, our members have not reported an increase in UM drives since the implementation of HB 259. The number of complaints of uninsured drivers and denied claims being reported to IIAT members has dropped off since implementation of HB 259.

HB 1900, amends operations of TWIA and creates the LEGISLATIVE FUNDING AND FUNDING STRUCTURE OVERSIGHT BOARD which is charged with gathering information about current funding and funding structure; how other catastrophic risk pools operate. It also requires holding public meetings to hear from experts, stakeholders, and other interested parties regarding recommendations of establishing sustainable funding structure for TWIA. With the current direction from the Speaker on meetings, it is unclear how or when these meetings will take place.

IIAT members have been active participants on the TWIA board of directors since its inception and are currently represented by member Peggy Gonzales of Brownsville. IIAT members are integral members of the TWIA Agents Advisory Group (AAG) working with TWIA to facilitate the implementation of changes made by the Texas Legislature. IIAT member Garry Kaufman currently serves as Chair of the AAG. We will speak more to improvements that are mandated by SB 615, the TWIA Sunset legislation, later in our RFI.

Hurricane Laura has uncovered another change that needs to be addressed relating to the authority of the General Manager to lift the moratorium after a storm passes. Prior to the approach of Tropical Storm Marco, TWIA correctly issued a moratorium for writing new coverage or increasing existing coverage. With Hurricane Laura following behind, the moratorium remained in effect for the entire coast for nearly a week. While we understand the necessity for the moratorium, the Plan of Operation does not specifically allow, nor specifically prohibit, the releasing of the moratorium on a county by county basis. We believe that the General Manager should have the authority to release counties that are clearly unaffected by a storm to continue to transact new business with TWIA.

SB 442, requires insurers to disclose that for the most part, property policies do not cover flood. After Hurricane Harvey, many consumers stated they were confused about flooding caused by a hurricane. The disclosure under SB 442 is required to clearly state that flood is not covered, even if caused by a hurricane. We have polled several of our members and all the policies they reviewed did contain the proper notification as required by SB 442.

SB 615, the TWIA Sunset Legislation included improvements in operation of TWIA for the benefit of the consumer and agents. At this time, only a part of the improvements has been implemented. Much of what has been implemented is causing confusion and more work for the consumer and the agent, not an improvement in the processes. Agents work with many different insurers and have a great amount of knowledge about how best to provide renewals on a timely basis. TWIA staff should consult with the Agents Advisory Group (AAG) on how to make the process easier for the consumer, not for TWIA, with the goal to be a streamlining of their operations.

TWIA's processes for agents writing new and renewal coverage should be compared to insurance company Best Practices and when they fall short, like they do now, steps should be taken for improvement before TWIA can claim compliance with the Sunset Legislation Improvements.

To compound the problem, TWIA has not yet implemented a direct bill option, or the ability to pay by credit card or to in installments. It is imperative that TWIA staff communicate with the AAG about how best to implement these payment options to avoid what has occurred with the automatic renewal process. The net result of the changes TWIA has made to the billing and renewal process is that they have streamlined the workflows for TWIA staff while creating new confusing and cumbersome steps for agents and consumers.